

By-Lined Article

Pennsylvania and West Virginia Move Tax-Break Bills to Lure Petrochemical Plant, Hundreds of Jobs

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Marcellus Shale Law and Policy Update

A legislative proposal that would expand Pennsylvania's tax-incentive zones is one of the lures the state is using to convince Shell Oil Company to locate a petrochemical plant there. Pennsylvania is competing with West Virginia and Ohio for the cracker plant, which will convert ethane extracted from the Marcellus Shale into the chemical building blocks needed to make plastics.

Pennsylvania Senate Bill 1237 would allow for 15 new zone expansions statewide. Investors could get an extra five years of no taxes. Manufacturing and processing businesses, moreover, would get new breaks on state corporate income and capital stock franchise taxes.

Steve Kratz, spokesperson for Pennsylvania Gov. Corbett's Department of Community and Economic Development, said he preferred not to go into details regarding the legislation or negotiations with Shell, but said that the state was making a strong case and was still very much in the game.

"We expect to hear sometime in the first quarter," Kratz said.

Meanwhile, West Virginia Gov. Earl Ray Tomblin recently signed legislation that would effectively slash property taxes for a cracker plant for 25 years. Tomblin said more incentives might be necessary to win the plant after he returned from a January 30 trip to Houston where he met with Shell officials.

The industry estimates the plant will create 10,000 construction jobs, hundreds of full-time plant jobs and thousands of additional spin-off jobs to the winner.

"The chemical industry association ACC (American Chemistry Council) has done studies that estimate a 'multiplier effect' of 5.5 for induced and indirect jobs," wrote Kayla Macke, media relations coordinator for Shell.

Shell's interest in building the plant brings other good news as well, according to Geoffrey Styles, a well-respected consultant to the oil and gas industries.

"Shell is very meticulous in its planning," Styles said, "and wouldn't be considering this magnitude of a plant unless [it] really believed supplies would be there for the long term."

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